OCBC Bank

# Media Release

## OCBC Group Reports First Quarter 2013
## Net Profit After Tax of S$696 million

***Core net profit 12% lower from a year ago, and 5% higher quarter-on-quarter***

Singapore, 30 April 2013 - Oversea-Chinese Banking Corporation Limited ("OCBC Bank") reported a net profit after tax of S$696 million for the first quarter of 2013 ("1Q13"), 16% lower than S$832 million a year ago ("1Q12"), and 5% higher than S$663 million the previous quarter ("4Q12"). Year-on-year, core net profit after tax, excluding gains from the divestment of non-core assets, was 12% lower as compared to S$790 million in 1Q12, which included significantly higher trading income and mark-to-market investment gains from the insurance business.

Net interest income of S$912 million declined 4% from S$951 million a year ago, as revenue from asset growth was offset by the impact of lower net interest margin. Non-bank customer loans grew 10% from a year ago, with broad-based growth across consumer, corporate and SME segments in most key markets. Net interest margin fell 22 basis points from 1.86% to 1.64%, attributed to the persistently low interest rate environment, much reduced gapping opportunities in the interbank market, and re-pricing of existing housing loans in Singapore in response to market competition. The ratio of current and savings deposits to total non-bank deposits increased for the fourth successive quarter, rising to 51.1% from 45.6% a year ago.

Fee and commission income rose 15% to S$316 million, from S$274 million a year ago, boosted by growth in wealth management, loan-related and fund management income. Trading income was lower as compared to the strong 1Q12 performance, declining 65% to S$56 million. Great Eastern Holdings' ("GEH") continued to record sound business growth, as reflected by a 17% rise in new business sales, driven by growth across its key markets, as well as from higher underwriting profits. Life assurance profit, however, declined 19% to S$178 million, from S$221 million a year ago, as mark-to-market investment gains in GEH's Non-Participating Fund were lower as compared to 1Q12. As a result, core non-interest income, excluding divestment gains in 1Q12, was 14% lower at S$676 million as compared to S$790 million the previous year.

Operating expenses rose 8% to S$672 million, from S$625 million a year ago. Staff-related costs increased 10% from S$382 million in 1Q12 to S$421 million. The year-on-year increase was largely attributed to a 7% growth in staff strength to support the expansion of the Group's regional franchise, increases in base salaries and variable compensation, as well as higher business volume-driven costs. Total allowances for loans and other assets were S$21 million, lower compared with S$96 million a year ago as asset quality further improved. The Group's non-performing loans ("NPL") ratio was 0.7%, down from 1.0% a year ago.

Compared with the previous quarter's net profit of S$663 million, net profit for 1Q13 rose 5%. Net interest income was relatively unchanged quarter-on-quarter. Non-interest income fell 11%, primarily from lower trading income and profit contribution from life assurance, moderated by higher fee and investment income. Operating expenses declined 7%, contributed by lower staff costs, property-related and other expenses, while allowances for loans and other assets were 70% lower.

Annualised return on equity, based on core earnings, was 11.7%, compared to 14.7% in 1Q12 and 11.2% the previous quarter. Annualised core earnings per share was 79.1 cents, lower than 89.8 cents a year ago, but higher than 73.1 cents in 4Q12.

The Group's 1Q13 revenue from overall wealth management activities (comprising insurance, private banking, asset management, stockbroking and sales of other wealth management products), was stable year-on-year at S$520 million. As a share of total revenue, wealth management contributed 33%. OCBC's private banking business continued to expand, with assets under management increasing 27% to US$44 billion (S$55 billion) as at 31 March 2013, up from US$35 billion (S$44 billion) the previous year.

## Allowances and Asset Quality

Effective credit portfolio management kept net allowances low at S$21 million, a 79% decline from S$96 million a year ago. Specific allowances for loans, net of recoveries and write-backs were S$2 million, a significant reduction from S$43 million the previous year. Specific allowances represented an annualised 1 basis point of loans for the quarter. Portfolio allowances were 61% lower at S$17 million, down from S$45 million in 1Q12.

The Group's asset quality and coverage ratios remained strong. As at 31 March 2013, total non-performing assets ("NPAs") fell 26% year-on-year and 5% quarter-on-quarter to S$1.12 billion. The NPL ratio as at 31 March 2013 was 0.7%, an improvement as compared to 0.8% in 4Q12 and 1.0% a year ago. Total cumulative allowances represented 149% of total NPAs and 350% of unsecured NPAs, a higher coverage ratio as compared with 142% and 333% respectively as at 31 December 2012.

## Capital Position

The Group is subject to MAS' Basel III capital adequacy requirements which came into effect on 1 January 2013, and are being progressively phased in between 1 January 2013 and 1 January 2019. As at 31 March 2013, based on MAS' transitional Basel III rules for 2013, the Group's Common Equity Tier 1 ("CET1") capital adequacy ratio ("CAR") was 16.2%, with Tier 1 and total CAR of 16.2% and 18.1% respectively. These ratios were well above the regulatory minima of 4.5%, 6% and 10%, respectively, for 2013.

The Group's transitional Basel III Tier 1 and total CAR as at 31 March 2013 were lower than the 31 December 2012 Tier 1 and total CAR of 16.6% and 18.5% respectively, which were computed on a Basel II basis. This was largely attributable to higher risk weights for exposures to financial institutions, equities and over-the-counter derivatives, partly offset by an increase in Tier 1 and total eligible capital from the full recognition of revaluation surplus on all available-for-sale securities as CET1 capital, and lower regulatory adjustments.

## CEO's Comments

Commenting on the Group's performance and outlook, CEO Samuel Tsien said:

"We are pleased with the continued underlying strength of our customer franchise in both banking and insurance, as demonstrated during the first quarter. Business momentum is strong, and asset quality remains sound. With our solid capital and stable funding base, we will devote additional resources to strengthen the Group's regional franchise to tap on the higher economic growth potential in our key overseas markets."

## About OCBC Bank

OCBC Bank is the longest established Singapore bank, formed in 1932 from the merger of three local banks, the oldest of which was founded in 1912. It is now the second largest financial services group in Southeast Asia by assets and one of the world's most highly-rated banks, with an Aa1 rating from Moody's. It is ranked by Bloomberg Markets as the world's strongest bank in 2011 and 2012.

OCBC Bank and its subsidiaries offer a broad array of specialist financial and wealth management services, ranging from consumer, corporate, investment, private and transaction banking to treasury, insurance, asset management and stockbroking services.

OCBC Bank's key markets are Singapore, Malaysia, Indonesia and Greater China. It has a network of over 470 branches and representative offices in 15 countries and territories, including about 350 branches and offices in Indonesia that are operated by its subsidiary, Bank OCBC NISP.

OCBC Bank's insurance subsidiary, Great Eastern Holdings, is the largest insurance group in Singapore and Malaysia by assets. Its asset management subsidiary, Lion Global Investors, is one of the largest private sector asset management companies in Southeast Asia. Private banking services are provided by subsidiary Bank of Singapore, which continued to gain industry recognition including being voted "Outstanding Private Bank in Asia Pacific" by Private Banker International.

For more information, please visit www.ocbc.com

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**To Our Shareholders**

The Board of Directors of Oversea-Chinese Banking Corporation Limited ("OCBC") reports the following:

**Unaudited Financial Results for the First Quarter Ended 31 March 2013**

For the first quarter ended 31 March 2013, Group reported net profit after tax was S$696 million. Details of the financial results are in the accompanying Group Financial Report.

**Ordinary Dividend**

No interim dividend on ordinary shares has been declared for the first quarter ended 31 March 2013.

**Preference Dividend**

The Board of Directors has declared payment of semi-annual tax exempt dividends on its non-cumulative non-convertible preference shares as follows: Class B Preference Shares at 5.1% (2012: 5.1%) per annum; Class G Preference Shares at 4.2% (2012: 4.2%) per annum and Class M Preference Shares at 4.0% (2012: 4.0%) per annum. These semi-annual dividends, computed for the period 20 December 2012 to 19 June 2013 (both dates inclusive) will be paid on 20 June 2013. Total amounts of dividend payable for the Class B, Class G and Class M Preference Shares are S$25.4 million, S$8.3 million and S$19.9 million respectively.

Notice is hereby given that the Transfer Books and the Registers of Preference Shareholders will be closed from 6 June 2013 to 7 June 2013 (both dates inclusive). Duly completed transfers received by the Bank's Share Registrar, M & C Services Private Limited of 112 Robinson Road #05-01 Singapore 068902 up to 5.00 p.m. on 5 June 2013 will be registered to determine the entitlement of the preference shareholders to the semi-annual dividends.

Peter Yeoh
Secretary

Singapore, 30 April 2013

More details on the results are available on the Bank's website at www.ocbc.com

**Oversea-Chinese Banking Corporation Limited**

# First Quarter 2013 Group Financial Report

**Incorporated in Singapore**
**Company Registration Number: 193200032W**

# CONTENTS



Notes:
1. Certain comparative figures have been restated to conform with the current period's presentation.
2. Amounts less than S$0.5 million are shown as "0".
3. "nm" denotes not meaningful.

# FINANCIAL SUMMARY

OCBC Group prepares its financial statements in accordance with the Singapore Financial Reporting Standards ("FRS") as required by the Singapore Companies Act, including the modification to FRS 39 *Financial Instruments: Recognition and Measurement* requirement on loan loss provisioning under Notice to Banks No. 612 "Credit Files, Grading and Provisioning" issued by the Monetary Authority of Singapore.

The following new/revised financial reporting standards and interpretations were applied with effect from 1 January 2013:

| | |
|---|---|
| FRS 1 (Amendments): | Presentation of Items of Other Comprehensive Income |
| FRS 19 (Amendments): | Employee Benefits |
| FRS 107 (Amendments): | Disclosures: Offsetting Financial Assets and Financial Liabilities |
| FRS 113 | Fair Value Measurement |
| Improvements to FRSs 2012 | |

FRS 113 replaces the fair value measurement guidance contained in individual FRSs with a single source of fair value measurement guidance. It provides a definition of fair value, establishes a framework for measuring fair value and sets out the disclosure requirements for fair value measurements. FRS 113 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price).

The initial application of the above standards and interpretations does not have any material impact on the Group's financial statements.

## Financial Results

Group net profit after tax was S$696 million for the first quarter ended 31 March 2013 ("1Q13"), a decline of 16% from S$832 million a year ago ("1Q12"). Excluding a S$42 million gain from the divestment of a property in 1Q12, core net profit after tax in 1Q13 was 12% lower, as compared to S$790 million in 1Q12.

Net interest income declined by 4% to S$912 million, from S$951 million a year ago, as asset growth was more than offset by lower net interest margin. Fees and commissions rose 15% from S$274 million a year ago to S$316 million, led by higher wealth management and fund management income, and loan-related fees. Trading income was S$56 million, compared with S$160 million in 1Q12, while profit from life assurance declined 19% to S$178 million, from S$221 million a year ago. As a result, core non-interest income of S$676 million, was 14% lower year-on-year from S$790 million in 1Q12.

Operating expenses rose by 8% year-on-year to S$672 million, largely from an increase in staff costs arising from headcount growth and higher base salaries and variable compensation, as well as higher business volume-related costs. Allowances for loans and other assets were lower at S$21 million, compared to S$96 million a year ago. The Group's non-performing loans ("NPL") ratio was 0.7%, down from 1.0% a year ago.

Compared to the fourth quarter of 2012 ("4Q12"), Group net profit after tax was 5% higher, mainly attributable to lower operating expenses and allowances. Net interest income was stable quarter-on-quarter, while non-interest income declined 11%, as higher fee and investment income were offset by lower trading and insurance income contributions.

Annualised return on equity, based on core earnings was 11.7% in 1Q13, compared with 14.7% in 1Q12 and 11.2% the previous quarter. Annualised core earnings per share was 79.1 cents, lower than 89.8 cents a year ago, but higher than 73.1 cents in 4Q12.

## FINANCIAL SUMMARY *(continued)*

| S$ million | 1Q13 | 1Q12 | +/(-) % | 4Q12 | +/(-) % |
|---|---|---|---|---|---|
| **Selected Income Statement Items** | | | | | |
| Net interest income | **912** | 951 | (4) | 921 | (1) |
| Non-interest income | **676** | 790 | (14) | 757 | (11) |
| Total core income | **1,588** | 1,741 | (9) | 1,678 | (5) |
| Operating expenses | **(672)** | (625) | 8 | (724) | (7) |
| Operating profit before allowances and amortisation | **916** | 1,116 | (18) | 954 | (4) |
| Amortisation of intangible assets | **(14)** | (15) | (3) | (15) | (3) |
| Allowances for loans and impairment of other assets | **(21)** | (96) | (79) | (68) | (70) |
| Operating profit after allowances and amortisation | **881** | 1,005 | (12) | 871 | 1 |
| Share of results of associates and joint ventures | **13** | 6 | 106 | 5 | 207 |
| Profit before income tax | **894** | 1,011 | (12) | 876 | 2 |
| **Core net profit attributable to shareholders** | **696** | 790 | (12) | 663 | 5 |
| Divestment gain, net of tax | **–** | 42 | (100) | – | – |
| **Reported net profit attributable to shareholders** | **696** | 832 | (16) | 663 | 5 |
| **Cash basis net profit attributable to shareholders** [1/] | **710** | 847 | (16) | 678 | 5 |
| **Selected Balance Sheet Items** | | | | | |
| Ordinary equity | **23,696** | 21,726 | 9 | 22,909 | 3 |
| Total equity *(excluding non-controlling interests)* | **26,091** | 23,622 | 10 | 25,804 | 1 |
| Total assets | **308,824** | 283,337 | 9 | 295,943 | 4 |
| Assets excluding life assurance fund investment assets | **255,481** | 232,911 | 10 | 243,672 | 5 |
| Loans and bills receivable *(net of allowances)* | **146,839** | 132,968 | 10 | 142,376 | 3 |
| Deposits of non-bank customers | **168,818** | 157,541 | 7 | 165,139 | 2 |

Note:
1. Excludes amortisation of intangible assets.

## FINANCIAL SUMMARY *(continued)*

| | 1Q13 | 1Q12 | 4Q12 |
|---|---|---|---|
| **Key Financial Ratios - based on core earnings** | | | |
| **Performance ratios (% p.a.)** | | | |
| Return on equity [1/ 2/] | | | |
| SFRS[3/] basis | **11.7** | 14.7 | 11.2 |
| Cash basis | **12.0** | 15.0 | 11.5 |
| Return on assets [4/] | | | |
| SFRS[3/] basis | **1.12** | 1.38 | 1.10 |
| Cash basis | **1.14** | 1.40 | 1.12 |
| **Revenue mix/efficiency ratios (%)** | | | |
| Net interest margin (annualised) | **1.64** | 1.86 | 1.70 |
| Net interest income to total income | **57.4** | 54.6 | 54.9 |
| Non-interest income to total income | **42.6** | 45.4 | 45.1 |
| Cost to income | **42.3** | 35.9 | 43.1 |
| Loans to deposits | **87.0** | 84.4 | 86.2 |
| NPL ratio | **0.7** | 1.0 | 0.8 |
| **Earnings per share [2/] (annualised - cents)** | | | |
| Basic earnings | **79.1** | 89.8 | 73.1 |
| Basic earnings (cash basis) | **80.8** | 91.6 | 74.8 |
| Diluted earnings | **78.9** | 89.7 | 72.9 |
| **Net asset value per share (S$)** | | | |
| Before valuation surplus | **6.90** | 6.32 | 6.68 |
| After valuation surplus | **8.40** | 7.41 | 7.95 |
| **Capital adequacy ratios (%)** | | | |
| Common Equity Tier 1 [5/] | **16.2** | na | na |
| Tier 1 | **16.2** | 14.7 | 16.6 |
| Total | **18.1** | 16.1 | 18.5 |

Notes:
1. Preference equity and non-controlling interests are not included in the computation for return on equity.
2. Calculated based on core net profit less preference dividends paid and estimated to be due at the end of the financial period.
3. “SFRS” refers to Singapore Financial Reporting Standards.
4. Computation of return on assets excludes life assurance fund investment assets.
5. The Group’s Common Equity Tier 1 ratio is computed based on MAS’ transitional Basel III rules for 2013, which took effect on 1 January 2013.
6. “na” denotes not applicable.

# NET INTEREST INCOME

## Average Balance Sheet

| S$ million | 1Q13 Average Balance | 1Q13 Interest | 1Q13 Average Rate [4/] | 1Q12 Average Balance | 1Q12 Interest | 1Q12 Average Rate [4/] | 4Q12 Average Balance | 4Q12 Interest | 4Q12 Average Rate [4/] |
|---|---|---|---|---|---|---|---|---|---|
| | | | % | | | % | | | % |
| **Interest earning assets** | | | | | | | | | |
| Loans and advances to non-bank customers | **144,794** | **1,056** | **2.96** | 132,684 | 1,027 | 3.11 | 140,166 | 1,070 | 3.04 |
| Placements with and loans to banks | **44,268** | **178** | **1.63** | 40,066 | 267 | 2.68 | 39,223 | 181 | 1.83 |
| Other interest earning assets [1/] | **36,937** | **224** | **2.45** | 32,490 | 208 | 2.58 | 35,902 | 215 | 2.38 |
| Total | **225,999** | **1,458** | **2.62** | 205,240 | 1,502 | 2.94 | 215,291 | 1,466 | 2.71 |
| **Interest bearing liabilities** | | | | | | | | | |
| Deposits of non-bank customers | **167,971** | **420** | **1.02** | 154,417 | 423 | 1.10 | 161,523 | 422 | 1.04 |
| Deposits and balances of banks | **23,750** | **45** | **0.76** | 20,606 | 45 | 0.87 | 22,651 | 43 | 0.75 |
| Other borrowings [2/] | **17,973** | **81** | **1.83** | 16,800 | 83 | 1.99 | 14,968 | 80 | 2.13 |
| Total | **209,694** | **546** | **1.06** | 191,823 | 551 | 1.16 | 199,142 | 545 | 1.09 |
| **Net interest income/margin** [3/] | | **912** | **1.64** | | 951 | 1.86 | | 921 | 1.70 |

Notes:
1. Comprise corporate debt and government securities.
2. Mainly debt issued.
3. Net interest margin is net interest income as a percentage of interest earning assets.
4. Average rates are computed on an annualised basis.

Net interest income was S$912 million in 1Q13, 4% lower as compared to S$951 million a year ago, as 10% growth in interest earning assets was more than offset by a 22 basis points decline in net interest margin from 1.86% to 1.64%. The margin compression was largely attributable to lower asset yields in a persistently low interest rate environment, much reduced gapping opportunities in the interbank market and from the re-pricing of existing housing loans in Singapore in response to market competition.

Compared with 4Q12, net interest income was relatively unchanged, as a 5% increase in interest earning assets was offset by a 6 basis points decline in net interest margin.

## NET INTEREST INCOME *(continued)*

### Volume and Rate Analysis

| | 1Q13 vs 1Q12 | | | 1Q13 vs 4Q12 | | |
|---|---|---|---|---|---|---|
| **Increase/(decrease) due to change in:**<br>**S$ million** | **Volume** | **Rate** | **Net change** | **Volume** | **Rate** | **Net change** |
| **Interest income** | | | | | | |
| Loans and advances to non-bank customers | 93 | (52) | 41 | 35 | (26) | 9 |
| Placements with and loans to banks | 28 | (114) | (86) | 23 | (21) | 2 |
| Other interest earning assets | 28 | (11) | 17 | 6 | 7 | 13 |
| Total | 149 | (177) | (28) | 64 | (40) | 24 |
| **Interest expense** | | | | | | |
| Deposits of non-bank customers | 37 | (35) | 2 | 16 | (9) | 7 |
| Deposits and balances of banks | 7 | (7) | 0 | 2 | 1 | 3 |
| Other borrowings | 6 | (7) | (1) | 16 | (13) | 3 |
| Total | 50 | (49) | 1 | 34 | (21) | 13 |
| **Impact on net interest income** | 99 | (128) | (29) | 30 | (19) | 11 |
| Due to change in number of days | | | (10) | | | (20) |
| **Net interest income** | | | (39) | | | (9) |

## NON-INTEREST INCOME

| S$ million | 1Q13 | 1Q12 | +/(-) % | 4Q12 | +/(-) % |
|---|---|---|---|---|---|
| **Fees and commissions** | | | | | |
| Brokerage | **19** | 17 | 14 | 14 | 32 |
| Wealth management | **105** | 74 | 41 | 89 | 17 |
| Fund management | **24** | 21 | 14 | 23 | 1 |
| Credit card | **13** | 11 | 22 | 14 | (1) |
| Loan-related | **60** | 55 | 10 | 70 | (14) |
| Trade-related and remittances | **48** | 49 | (4) | 50 | (4) |
| Guarantees | **4** | 4 | 5 | 5 | (21) |
| Investment banking | **17** | 15 | 7 | 14 | 22 |
| Service charges | **19** | 21 | (8) | 19 | (2) |
| Others | **7** | 7 | 12 | 6 | 39 |
| Sub-total | **316** | 274 | 15 | 304 | 4 |
| **Dividends** | **8** | 29 | (71) | 6 | 51 |
| **Rental income** | **17** | 18 | (5) | 18 | (2) |
| **Profit from life assurance** | **178** | 221 | (19) | 210 | (15) |
| **Premium income from general insurance** | **37** | 32 | 12 | 40 | (8) |
| **Other income** | | | | | |
| Net trading income | **56** | 160 | (65) | 136 | (59) |
| Net gain from investment securities | **47** | 43 | 9 | 13 | 258 |
| Net gain from disposal of properties | **3** | 1 | 522 | 6 | (43) |
| Others | **14** | 12 | 19 | 24 | (46) |
| Sub-total | **120** | 216 | (44) | 179 | (33) |
| **Total core non-interest income** | **676** | 790 | (14) | 757 | (11) |
| Divestment gain | **–** | 56 | (100) | – | – |
| **Total non-interest income** | **676** | 846 | (20) | 757 | (11) |
| Fees and commissions/Total income 1/ | **19.9%** | 15.7% | | 18.1% | |
| Non-interest income/Total income 1/ | **42.6%** | 45.4% | | 45.1% | |

Note:

1. Excludes gains from divestment of non-core assets.

Non-interest income declined 20% year-on-year to S$676 million, from S$846 million in 1Q12. Excluding the divestment gain of S$56 million from the disposal of a non-core property in 1Q12, core non-interest income was 14% lower from a year ago. Fees and commissions rose 15% from S$274 million in 1Q12 to S$316 million, driven by strong wealth management, loan-related and fund management income. Net gains from investment securities increased 9% to S$47 million, from S$43 million the previous year, while net trading income was lower as compared to the strong performance in 1Q12, declining 65% to S$56 million. Profit from life assurance was S$178 million, 19% lower compared with S$221 million a year ago, largely attributable to lower mark-to-market investment gains in Great Eastern Holdings' ("GEH") Non-Participating Fund[2].

Compared to 4Q12, non-interest income was lower by 11%, as higher fee and commission income, led by growth in wealth management and brokerage income, was more than offset by lower trading and insurance income.

[2] The Non-Participating Fund is made up of insurance policies and riders which have fixed policyholder benefits, e.g. term insurance, critical illness, accident, medical and disability insurance, and in which the policyholders do not participate or share in the profits of the fund.

## OPERATING EXPENSES

| S$ million | 1Q13 | 1Q12 | +/(-) % | 4Q12 | +/(-) % |
|---|---|---|---|---|---|
| **Staff costs** | | | | | |
| Salaries and other costs | **385** | 349 | 10 | 397 | (3) |
| Share-based expenses | **3** | 2 | 32 | 3 | – |
| Contribution to defined contribution plans | **33** | 31 | 7 | 34 | (4) |
| | **421** | 382 | 10 | 434 | (3) |
| **Property and equipment** | | | | | |
| Depreciation | **50** | 43 | 16 | 50 | – |
| Maintenance and hire of property, plant & equipment | **19** | 23 | (18) | 24 | (20) |
| Rental expenses | **18** | 17 | 6 | 18 | 2 |
| Others | **38** | 36 | 8 | 42 | (9) |
| | **125** | 119 | 5 | 134 | (6) |
| **Other operating expenses** | **126** | 124 | 1 | 156 | (20) |
| **Total operating expenses** | **672** | 625 | 8 | 724 | (7) |
| **Group staff strength** | | | | | |
| Period end | **24,856** | 23,277 | 7 | 24,628 | 1 |
| Average | **24,758** | 23,134 | 7 | 24,514 | 1 |
| Cost to income ratio 1/ | **42.3%** | 35.9% | | 43.1% | |

Note:
1. Excludes gains from divestment of non-core assets.

Operating expenses were 8% higher year-on-year at S$672 million, compared with S$625 million a year ago, largely attributable to staff-related costs associated with headcount growth to support the Group's regional expansion, higher base salaries and variable compensation, as well as from an increase in business volume-driven costs.

Compared with 4Q12, operating expenses declined 7% from S$724 million, as a result of lower staff costs, property-related costs, and lower communication, business promotion and professional expenses.

The cost-to-income ratio was 42.3% for 1Q13, as compared to 43.1% in 4Q12 and 35.9% in 1Q12.

## ALLOWANCES FOR LOANS AND OTHER ASSETS

| S$ million | 1Q13 | 1Q12 | +/(-) % | 4Q12 | +/(-) % |
|---|---|---|---|---|---|
| Specific allowances/(write-back) for loans | | | | | |
| Singapore | **13** | 41 | (68) | 29 | (54) |
| Malaysia | **(8)** | 2 | (511) | 4 | (279) |
| Others | **(3)** | 0 | nm | 2 | (262) |
| | **2** | 43 | (96) | 35 | (95) |
| Portfolio allowances for loans | **17** | 45 | (61) | 43 | (60) |
| Allowances and impairment charges/(write-back) for other assets | **2** | 8 | (82) | (10) | 114 |
| Allowances for loans and impairment of other assets | **21** | 96 | (79) | 68 | (70) |

Allowances for loans and other assets were S$21 million in 1Q13, significantly lower than the S$68 million in the previous quarter and S$96 million in 1Q12, as asset quality improved.

Specific allowances for loans, net of recoveries and writebacks were S$2 million, a decline of 96% from S$43 million a year ago, and 95% lower than S$35 million in 4Q12, reflecting lower allowances for new and existing non-performing loans. Specific allowances were 1 basis point of loans on an annualised basis, as compared to 8 basis points of loans in the previous quarter.

Portfolio allowances for loans were S$17 million for the quarter, compared with S$45 million in 1Q12 and S$43 million in 4Q12.

## LOANS AND ADVANCES

| S$ million | 31 Mar 2013 | 31 Dec 2012 | 31 Mar 2012 |
|---|---|---|---|
| Loans to customers | **137,862** | 134,156 | 125,331 |
| Bills receivable | **10,640** | 9,874 | 9,273 |
| Gross loans to customers | **148,502** | 144,030 | 134,604 |
| | | | |
| Allowances | | | |
| Specific allowances | **(289)** | (303) | (330) |
| Portfolio allowances | **(1,374)** | (1,351) | (1,261) |
| | **146,839** | 142,376 | 133,013 |
| Less: assets pledged | **–** | – | (45) |
| Loans net of allowances | **146,839** | 142,376 | 132,968 |
| | | | |
| **By Maturity** | | | |
| Within 1 year | **53,491** | 52,656 | 51,291 |
| 1 to 3 years | **25,688** | 25,425 | 24,933 |
| Over 3 years | **69,323** | 65,949 | 58,380 |
| | **148,502** | 144,030 | 134,604 |
| | | | |
| **By Industry** | | | |
| Agriculture, mining and quarrying | **5,176** | 4,863 | 4,095 |
| Manufacturing | **8,651** | 8,197 | 8,543 |
| Building and construction | **22,697** | 22,388 | 20,366 |
| Housing loans | **39,474** | 37,809 | 33,840 |
| General commerce | **18,803** | 17,502 | 18,967 |
| Transport, storage and communication | **10,033** | 9,106 | 8,756 |
| Financial institutions, investment and holding companies | **21,411** | 22,456 | 19,225 |
| Professionals and individuals | **15,004** | 14,272 | 13,547 |
| Others | **7,253** | 7,437 | 7,265 |
| | **148,502** | 144,030 | 134,604 |
| | | | |
| **By Currency** | | | |
| Singapore Dollar | **71,165** | 70,141 | 62,912 |
| United States Dollar | **34,815** | 31,680 | 33,843 |
| Malaysian Ringgit | **19,082** | 18,404 | 17,088 |
| Indonesian Rupiah | **5,189** | 4,989 | 4,399 |
| Others | **18,251** | 18,816 | 16,362 |
| | **148,502** | 144,030 | 134,604 |
| | | | |
| **By Geography** [1/] | | | |
| Singapore | **78,040** | 75,215 | 69,690 |
| Malaysia | **23,908** | 23,157 | 20,938 |
| Indonesia | **11,005** | 10,679 | 9,327 |
| Greater China | **16,997** | 17,379 | 17,938 |
| Other Asia Pacific | **8,135** | 8,253 | 8,071 |
| Rest of the World | **10,417** | 9,347 | 8,640 |
| | **148,502** | 144,030 | 134,604 |

Note:
1. Loans by geography are based on where the credit risks reside, which may be different from the borrower's country of residence or the booking location of the loans.

Gross loans to customers increased by 10% to S$149 billion as of 31 March 2013, from S$135 billion a year ago, and by 3% from S$144 billion the previous quarter. Year-on-year, broad-based loan growth was achieved across most key sectors and geographies, with the largest increases coming from housing loans, and loans to building and construction, and financial institutions, investment and holding companies.

## NON-PERFORMING ASSETS

| S$ million | Total NPAs [1/] | Substandard | Doubtful | Loss | Secured NPAs/ Total NPAs | NPLs [2/] | NPL Ratio [2/] |
|---|---|---|---|---|---|---|---|
| | | | | | % | | % |
| **Singapore** | | | | | | | |
| **31 Mar 2013** | **264** | **105** | **106** | **53** | **61.4** | **264** | **0.3** |
| 31 Dec 2012 | 258 | 91 | 119 | 48 | 55.2 | 258 | 0.3 |
| 31 Mar 2012 | 379 | 177 | 163 | 39 | 60.3 | 320 | 0.5 |
| **Malaysia** | | | | | | | |
| **31 Mar 2013** | **430** | **247** | **137** | **46** | **52.9** | **407** | **1.7** |
| 31 Dec 2012 | 432 | 251 | 134 | 47 | 55.7 | 409 | 1.8 |
| 31 Mar 2012 | 636 | 515 | 67 | 54 | 70.2 | 560 | 2.7 |
| **Indonesia** | | | | | | | |
| **31 Mar 2013** | **55** | **6** | **5** | **44** | **60.8** | **55** | **0.5** |
| 31 Dec 2012 | 60 | 6 | 3 | 51 | 47.8 | 60 | 0.6 |
| 31 Mar 2012 | 72 | 7 | 5 | 60 | 51.0 | 72 | 0.8 |
| **Greater China** | | | | | | | |
| **31 Mar 2013** | **21** | **16** | **–** | **5** | **93.2** | **21** | **0.1** |
| 31 Dec 2012 | 33 | 28 | 0 | 5 | 87.9 | 33 | 0.2 |
| 31 Mar 2012 | 28 | 27 | 1 | – | 96.9 | 28 | 0.2 |
| **Other Asia Pacific** | | | | | | | |
| **31 Mar 2013** | **243** | **201** | **42** | **–** | **71.3** | **242** | **3.0** |
| 31 Dec 2012 | 281 | 242 | 39 | – | 73.7 | 281 | 3.4 |
| 31 Mar 2012 | 311 | 227 | 84 | – | 81.3 | 307 | 3.8 |
| **Rest of the World** | | | | | | | |
| **31 Mar 2013** | **106** | **96** | **8** | **2** | **24.4** | **102** | **1.0** |
| 31 Dec 2012 | 108 | 99 | 7 | 2 | 23.3 | 104 | 1.1 |
| 31 Mar 2012 | 87 | 75 | 10 | 2 | 77.8 | 82 | 1.0 |
| **Group** | | | | | | | |
| **31 Mar 2013** | **1,119** | **671** | **298** | **150** | **57.4** | **1,091** | **0.7** |
| 31 Dec 2012 | 1,172 | 717 | 302 | 153 | 57.4 | 1,145 | 0.8 |
| 31 Mar 2012 | 1,513 | 1,028 | 330 | 155 | 70.0 | 1,369 | 1.0 |

Notes:
1. Comprise non-bank loans, debt securities and contingent liabilities.
2. Exclude debt securities and contingent liabilities.

## NON-PERFORMING ASSETS *(continued)*

The Group's asset quality remained strong. Non-performing loans ("NPLs") were S$1.09 billion as at 31 March 2013, a 5% decline from S$1.15 billion the previous quarter. By geography, the quarter-on-quarter decline was largely from Other Asia Pacific and Greater China. By industry segment, the decrease was mainly from manufacturing, general commerce, financial institutions, investment and holding companies, building and construction.

The Group's NPL ratio was 0.7%, an improvement from 0.8% in the previous quarter, and from 1.0% a year ago.

Total non-performing assets ("NPAs") as at 31 March 2013, which include classified debt securities and contingent liabilities, were S$1.12 billion, a fall of 5% from S$1.17 billion in the previous quarter. Of the total NPAs, 60% were in the substandard category and 57% were secured by collateral.

| | 31 Mar 2013 | | 31 Dec 2012 | | 31 Mar 2012 | |
|---|---|---|---|---|---|---|
| | S$ million | % of loans | S$ million | % of loans | S$ million | % of loans |
| **NPLs by Industry** | | | | | | |
| Loans and advances | | | | | | |
| Agriculture, mining and quarrying | **6** | **0.1** | 6 | 0.1 | 6 | 0.1 |
| Manufacturing | **356** | **4.1** | 366 | 4.5 | 307 | 3.6 |
| Building and construction | **186** | **0.8** | 199 | 0.9 | 297 | 1.5 |
| Housing loans | **200** | **0.5** | 192 | 0.5 | 187 | 0.6 |
| General commerce | **92** | **0.5** | 105 | 0.6 | 221 | 1.2 |
| Transport, storage and communication | **79** | **0.8** | 77 | 0.8 | 121 | 1.4 |
| Financial institutions, investment and holding companies | **58** | **0.3** | 88 | 0.4 | 91 | 0.5 |
| Professionals and individuals | **91** | **0.6** | 87 | 0.6 | 110 | 0.8 |
| Others | **23** | **0.3** | 25 | 0.3 | 29 | 0.4 |
| **Total NPLs** | **1,091** | **0.7** | 1,145 | 0.8 | 1,369 | 1.0 |
| **Classified debt securities** | **4** | | 4 | | 10 | |
| **Classified contingent liabilities** | **24** | | 23 | | 134 | |
| **Total NPAs** | **1,119** | | 1,172 | | 1,513 | |

| | 31 Mar 2013 | | 31 Dec 2012 | | 31 Mar 2012 | |
|---|---|---|---|---|---|---|
| | S$ million | % | S$ million | % | S$ million | % |
| **NPAs by Period Overdue** | | | | | | |
| Over 180 days | **339** | **30** | 328 | 28 | 409 | 27 |
| Over 90 to 180 days | **116** | **10** | 81 | 7 | 194 | 13 |
| 30 to 90 days | **133** | **12** | 160 | 14 | 154 | 10 |
| Less than 30 days | **10** | **1** | 10 | 1 | 24 | 2 |
| Not overdue | **521** | **47** | 593 | 50 | 732 | 48 |
| | **1,119** | **100** | 1,172 | 100 | 1,513 | 100 |

| | 31 Mar 2013 | | 31 Dec 2012 | | 31 Mar 2012 | |
|---|---|---|---|---|---|---|
| **S$ million** | Loan | Allowance | Loan | Allowance | Loan | Allowance |
| **Restructured Loans** | | | | | | |
| Substandard | **175** | **26** | 173 | 10 | 279 | 26 |
| Doubtful | **18** | **17** | 22 | 33 | 28 | 22 |
| Loss | **1** | **1** | 0 | 0 | 1 | 1 |
| | **194** | **44** | 195 | 43 | 308 | 49 |

# CUMULATIVE ALLOWANCES FOR ASSETS

| S$ million | Total cumulative allowances | Specific allowances | Portfolio allowances | Specific allowances as % of total NPAs | Cumulative allowances as % of total NPAs |
|---|---|---|---|---|---|
| | | | | % | % |
| **Singapore** | | | | | |
| **31 Mar 2013** | **702** | **105** | **597** | **39.6** | **265.6** |
| 31 Dec 2012 | 696 | 105 | 591 | 40.8 | 269.5 |
| 31 Mar 2012 | 643 | 100 | 543 | 26.6 | 169.8 |
| **Malaysia** | | | | | |
| **31 Mar 2013** | **452** | **127** | **325** | **29.6** | **105.1** |
| 31 Dec 2012 | 450 | 133 | 317 | 30.8 | 104.4 |
| 31 Mar 2012 | 460 | 167 | 293 | 26.3 | 72.3 |
| **Indonesia** | | | | | |
| **31 Mar 2013** | **163** | **29** | **134** | **53.5** | **296.5** |
| 31 Dec 2012 | 164 | 39 | 125 | 66.2 | 273.2 |
| 31 Mar 2012 | 151 | 44 | 107 | 61.2 | 209.2 |
| **Greater China** | | | | | |
| **31 Mar 2013** | **170** | **2** | **168** | **9.4** | **796.4** |
| 31 Dec 2012 | 170 | 4 | 166 | 10.7 | 508.9 |
| 31 Mar 2012 | 176 | 5 | 171 | 16.7 | 635.4 |
| **Other Asia Pacific** | | | | | |
| **31 Mar 2013** | **109** | **20** | **89** | **8.2** | **45.1** |
| 31 Dec 2012 | 112 | 20 | 92 | 7.1 | 40.0 |
| 31 Mar 2012 | 100 | 16 | 84 | 5.1 | 32.0 |
| **Rest of the World** | | | | | |
| **31 Mar 2013** | **71** | **10** | **61** | **9.8** | **67.1** |
| 31 Dec 2012 | 70 | 10 | 60 | 8.8 | 64.0 |
| 31 Mar 2012 | 73 | 10 | 63 | 11.3 | 84.0 |
| **Group** | | | | | |
| **31 Mar 2013** | **1,667** | **293** | **1,374** | **26.2** | **149.0** |
| 31 Dec 2012 | 1,662 | 311 | 1,351 | 26.6 | 141.8 |
| 31 Mar 2012 | 1,603 | 342 | 1,261 | 22.6 | 106.0 |

As at 31 March 2013, the Group's total cumulative allowances for assets were S$1.67 billion, comprising S$293 million in specific allowances and S$1.37 billion in portfolio allowances. Total cumulative allowances were 149% of total NPAs and 350% of unsecured NPAs, an increase compared to the respective ratios of 142% and 333% as at 31 December 2012.

## DEPOSITS

| S$ million | 31 Mar 2013 | 31 Dec 2012 | 31 Mar 2012 |
|---|---|---|---|
| Deposits of non-bank customers | **168,818** | 165,139 | 157,541 |
| Deposits and balances of banks | **24,967** | 25,656 | 18,912 |
| | **193,785** | 190,795 | 176,453 |
| Loans to deposits ratio<br>(net non-bank loans/non-bank deposits) | **87.0%** | 86.2% | 84.4% |

| S$ million | 31 Mar 2013 | 31 Dec 2012 | 31 Mar 2012 |
|---|---|---|---|
| **Total Deposits By Maturity** | | | |
| Within 1 year | **190,832** | 188,220 | 172,697 |
| 1 to 3 years | **1,729** | 1,441 | 2,959 |
| Over 3 years | **1,224** | 1,134 | 797 |
| | **193,785** | 190,795 | 176,453 |
| **Non-Bank Deposits By Product** | | | |
| Fixed deposits | **67,162** | 67,263 | 72,934 |
| Savings deposits | **32,256** | 30,614 | 28,828 |
| Current account | **53,973** | 52,904 | 42,995 |
| Others | **15,427** | 14,358 | 12,784 |
| | **168,818** | 165,139 | 157,541 |
| **Non-Bank Deposits By Currency** | | | |
| Singapore Dollar | **84,294** | 82,095 | 80,316 |
| United States Dollar | **30,691** | 31,455 | 23,091 |
| Malaysian Ringgit | **21,709** | 20,739 | 21,715 |
| Indonesian Rupiah | **5,536** | 5,835 | 5,158 |
| Others | **26,588** | 25,015 | 27,261 |
| | **168,818** | 165,139 | 157,541 |

Non-bank customer deposits increased 7% to S$169 billion as of 31 March 2013, from S$158 billion a year ago and by 2% from S$165 billion the previous quarter. The year-on-year growth was underpinned by a 26% increase in current account deposits to S$54.0 billion, from S$43.0 billion in 1Q12, and from a 12% rise in savings deposits to S$32.3 billion, from S$28.8 billion a year ago. The ratio of current and savings deposits to total non-bank deposits was 51.1%, up from 45.6% a year ago.

The Group's loans-to-deposits ratio was 87.0%, compared with 86.2% in the previous quarter and 84.4% a year ago.

## DEBT ISSUED

| S$ million | 31 Mar 2013 | 31 Dec 2012 | 31 Mar 2012 |
|---|---|---|---|
| Subordinated debt (unsecured) | **4,684** | 5,127 | 4,039 |
| Fixed and floating rate notes (unsecured) | **3,596** | 3,022 | 2,830 |
| Commercial papers (unsecured) | **11,483** | 2,832 | 9,727 |
| Structured notes (unsecured) | **550** | 443 | 121 |
| Total | **20,313** | 11,424 | 16,717 |
| **Debt Issued By Maturity** | | | |
| Within one year | **12,884** | 3,673 | 9,786 |
| Over one year | **7,429** | 7,751 | 6,931 |
| Total | **20,313** | 11,424 | 16,717 |

During the quarter, the Group had S$11.5 billion of commercial papers outstanding, higher from a year ago and the previous quarter. The commercial papers form part of the Group's diversified funding sources.

# CAPITAL ADEQUACY RATIOS

| | Basel III | Basel II | |
|---|---|---|---|
| **S$ million** | **31 Mar 2013** | **31 Dec 2012** | **31 Mar 2012** |
| Ordinary shares | **7,060** | 7,057 | 7,119 |
| Disclosed reserves/others | **16,865** | 15,770 | 13,972 |
| Regulatory adjustments | **(1,131)** | | |
| **Common Equity Tier 1 Capital** | **22,794** | | |
| Additional Tier 1 capital | **4,457** | 4,955 | 3,959 |
| Regulatory adjustments | **(4,457)** | (6,191) | (6,026) |
| **Tier 1 Capital** | **22,794** | 21,591 | 19,024 |
| Tier 2 capital | **4,173** | 4,586 | 3,468 |
| Revaluation surplus on available-for-sale equity securities | **–** | 236 | 405 |
| Regulatory adjustments | **(1,446)** | (2,303) | (2,066) |
| **Total Eligible Capital** | **25,521** | 24,110 | 20,831 |
| **Risk Weighted Assets** | **140,395** | 129,647 | 129,183 |
| **Capital Adequacy Ratios** | | | |
| Common Equity Tier 1 | **16.2%** | na | na |
| Tier 1 | **16.2%** | 16.6% | 14.7% |
| Total | **18.1%** | 18.5% | 16.1% |

Note:

1. "na" denotes not applicable.

The Group is subject to MAS' Basel III capital adequacy requirements which came into effect on 1 January 2013, and are being progressively phased in between 1 January 2013 and 1 January 2019. As at 31 March 2013, based on MAS' transitional Basel III rules for 2013, the Group's Common Equity Tier 1 ("CET1") capital adequacy ratio ("CAR") was 16.2%, with Tier 1 and total CAR of 16.2% and 18.1% respectively. These ratios were well above the regulatory minima of 4.5%, 6% and 10%, respectively, for 2013.

The Group's transitional Basel III Tier 1 and total CAR as at 31 March 2013 were lower than the 31 December 2012 Tier 1 and total CAR of 16.6% and 18.5% respectively, which were computed on a Basel II basis. This was largely attributable to higher risk weights for exposures to financial institutions, equities and over-the-counter derivatives, partly offset by an increase in Tier 1 and total eligible capital from the full recognition of revaluation surplus on all available-for-sale securities as CET1 capital[2], and lower regulatory adjustments.

The capital adequacy information of the Group's significant banking subsidiaries as at 31 March 2013 were:

| | | Capital Adequacy Ratios | | |
|---|---|---|---|---|
| **S$ million** | **Total Risk Weighted Assets** | **Common Equity Tier 1** | **Tier 1** | **Total** |
| OCBC Bank (Malaysia) Berhad | 13,702 | 13.4% | 15.5% | 17.4% |
| Bank OCBC NISP | 7,989 | 14.2% | 14.2% | 16.6% |

The capital adequacy ratios of OCBC Bank (Malaysia) Berhad are computed in accordance with the Capital Adequacy Framework (Capital Components) issued by Bank Negara Malaysia. Bank OCBC NISP computes their ratios based on the standardised approach under the Basel II framework.

[2] Under Basel II, only 45% of the revaluation surplus on listed available-for-sale equity securities was recognised as Tier 2 capital.

## UNREALISED VALUATION SURPLUS

| S$ million | 31 Mar 2013 | 31 Dec 2012 | 31 Mar 2012 |
|---|---|---|---|
| Properties 1/ | **3,125** | 3,117 | 2,823 |
| Equity securities 2/ | **2,035** | 1,245 | 916 |
| Total | **5,160** | 4,362 | 3,739 |

Notes:
1. Includes properties classified as investment properties and assets held for sale. Property values are determined mainly based on external valuations at year-end, with internal reviews performed for other quarters.
2. Comprises mainly investments in quoted subsidiaries, which are valued based on their market prices at the end of each quarter.

The Group's unrealised valuation surplus largely represents the difference between the carrying values of its properties and investments in quoted subsidiaries and the property values and market prices of the quoted investments at the respective periods. The carrying values of subsidiaries and associates on the balance sheet are measured at cost plus post-acquisition reserves, while those of properties are measured at cost less accumulated depreciation, and impairment, if any.

The valuation surplus as at 31 March 2013 was S$5.16 billion, an increase of 18% as compared to S$4.36 billion as at 31 December 2012, mainly attributable to higher equity securities valuation from the Group's equity stakes in GEH and Bank OCBC NISP.

## PERFORMANCE BY BUSINESS SEGMENT

OCBC Group's businesses are presented in the following customer segments and business activities: Global Consumer/Private Banking, Global Corporate/Investment Banking, Global Treasury and Markets, and Insurance.

### Operating Profit by Business Segment

| S$ million | 1Q13 | 1Q12 | +/(-) % | 4Q12 | +/(-) % |
|---|---|---|---|---|---|
| Global Consumer/Private Banking | **186** | 152 | 23 | 149 | 25 |
| Global Corporate/Investment Banking | **428** | 420 | 2 | 418 | 2 |
| Global Treasury and Markets | **87** | 183 | (52) | 127 | (32) |
| Insurance | **226** | 279 | (19) | 243 | (7) |
| Others [1/] | **(46)** | (29) | 57 | (66) | (30) |
| **Operating profit after allowances and amortisation** | **881** | 1,005 | (12) | 871 | 1 |

Note:
1. Excludes gains from divestment of non-core assets.

**Global Consumer/Private Banking**

Global Consumer/Private Banking provides a full range of products and services to individual customers. At Global Consumer Banking, the products and services offered include deposit products (checking accounts, savings and fixed deposits), consumer loans (housing loans and other personal loans), credit cards, wealth management products (unit trusts, bancassurance products and structured deposits) and brokerage services. Private Banking caters to the specialised banking needs of high net worth individuals, offering wealth management expertise, including investment advice and portfolio management services, estate and trust planning, and wealth structuring.

Operating profit after allowances increased 23% year-on-year to S$186 million, from S$152 million in 1Q12. Higher fee income and a decline in allowances more than offset an increase in expenses. Compared with 4Q12, operating profit in 1Q13 rose 25% to S$186 million from S$149 million, led by higher fees and commissions and lower expenses, partly offset by an increase in allowances.

**Global Corporate/Investment Banking**

Global Corporate/Investment Banking serves institutional customers ranging from large corporates and the public sector to small and medium enterprises. The products and services offered include long-term loans such as project financing, short-term credit such as overdrafts and trade financing, deposit accounts and fee-based services such as cash management and custodian services. Investment Banking comprises a comprehensive range of financing solutions, syndicated loans and advisory services, corporate finance services for initial public offerings, secondary fund-raising, takeovers and mergers, as well as customised and structured equity-linked financing.

## PERFORMANCE BY BUSINESS SEGMENT *(continued)*

Global Corporate/Investment Banking's operating profit after allowances for 1Q13 grew 2% year-on-year to S$428 million, from S$420 million in 1Q12, largely attributable to lower allowances which more than offset an increase in expenses.

1Q13 operating profit rose 2% quarter-on-quarter to S$428 million from S$418 million. Lower expenses and allowances were partly offset by a decline in net interest income and fee income.

**Global Treasury and Markets**

Global Treasury and Markets is responsible for the management of the Group's asset and liability interest rate positions, engages in foreign exchange activities, money market operations, fixed income and derivatives trading, and offers structured treasury products and financial solutions to meet customers' investment and hedging needs. Income from treasury products and services offered to customers of other business segments, such as Global Consumer/Private Banking and Global Corporate/Investment Banking, is reflected in the respective business segments.

Global Treasury's operating profit was lower as compared to the strong 1Q12 performance, declining 52% to S$87 million in 1Q13. Compared with 4Q12, operating profit was 32% lower at S$87 million, largely attributable to lower trading income.

**Insurance**

The Group's insurance business, including its fund management activities, is undertaken by 87.2%-owned subsidiary GEH and its subsidiaries, which provide both life and general insurance products to its customers mainly in Singapore and Malaysia.

GEH's operating profit in 1Q13 was S$226 million, down 19% from S$279 million a year ago and 7% lower from S$243 million in 4Q12, primarily from lower mark-to-market investment gains. This was largely attributable to the comparatively stronger investment performance of the Non-Participating Fund in the respective periods of 2012.

After tax and non-controlling interests, GEH's contribution to the Group's core net profit was S$169 million in 1Q13, compared with S$219 million in 1Q12 and S$185 million in 4Q12.

**Others**

Others comprise mainly property holding, investment holding and items not attributable to the business segments described above.

## PERFORMANCE BY BUSINESS SEGMENT *(continued)*

| S$ million | Global Consumer/ Private Banking | Global Corporate/ Investment Banking | Global Treasury and Markets | Insurance | Others | Group |
|---|---|---|---|---|---|---|
| **1Q13** | | | | | | |
| **Total income** | **525** | **640** | **146** | **289** | **(12)** | **1,588** |
| Operating profit before allowances and amortisation | **211** | **430** | **90** | **238** | **(53)** | **916** |
| Amortisation of intangible assets | **(2)** | **–** | **–** | **(12)** | **–** | **(14)** |
| Write-back/(allowances and impairment) for loans and other assets | **(23)** | **(2)** | **(3)** | **(0)** | **7** | **(21)** |
| **Operating profit after allowances and amortisation** | **186** | **428** | **87** | **226** | **(46)** | **881** |
| **Other information:** | | | | | | |
| Capital expenditure | **6** | **2** | **0** | **13** | **56** | **77** |
| Depreciation | **10** | **3** | **0** | **1** | **36** | **50** |
| **1Q12** | | | | | | |
| **Total income** [1/] | 480 | 636 | 237 | 335 | 53 | 1,741 |
| Operating profit before allowances and amortisation [1/] | 191 | 443 | 184 | 291 | 7 | 1,116 |
| Amortisation of intangible assets | (3) | – | – | (12) | – | (15) |
| Allowances and impairment for loans and other assets | (36) | (23) | (1) | (0) | (36) | (96) |
| **Operating profit after allowances and amortisation** [1/] | 152 | 420 | 183 | 279 | (29) | 1,005 |
| **Other information:** | | | | | | |
| Capital expenditure | 8 | 0 | 0 | 11 | 44 | 63 |
| Depreciation | 8 | 2 | 0 | 1 | 32 | 43 |
| **4Q12** | | | | | | |
| **Total income** | 507 | 676 | 191 | 299 | 5 | 1,678 |
| Operating profit before allowances and amortisation | 164 | 444 | 128 | 255 | (37) | 954 |
| Amortisation of intangible assets | (3) | – | – | (12) | – | (15) |
| Write-back/(allowances and impairment) for loans and other assets | (12) | (26) | (1) | 0 | (29) | (68) |
| **Operating profit after allowances and amortisation** | 149 | 418 | 127 | 243 | (66) | 871 |
| **Other information:** | | | | | | |
| Capital expenditure | 5 | 2 | 0 | 19 | 55 | 81 |
| Depreciation | 9 | 3 | 1 | 1 | 36 | 50 |

Note:
1. Excludes gains from divestment of non-core assets.

## PERFORMANCE BY BUSINESS SEGMENT *(continued)*

| S$ million | Global Consumer/ Private Banking | Global Corporate/ Investment Banking | Global Treasury and Markets | Insurance | Others | Group |
|---|---|---|---|---|---|---|
| **At 31 March 2013** | | | | | | |
| Segment assets | **69,024** | **97,418** | **71,039** | **61,899** | **18,855** | **318,235** |
| Unallocated assets | | | | | | **118** |
| Elimination | | | | | | **(9,529)** |
| **Total assets** | | | | | | **308,824** |
| Segment liabilities | **76,041** | **86,752** | **44,706** | **54,297** | **25,424** | **287,220** |
| Unallocated liabilities | | | | | | **2,134** |
| Elimination | | | | | | **(9,529)** |
| **Total liabilities** | | | | | | **279,825** |
| **Other information:** | | | | | | |
| Gross non-bank loans | **58,026** | **88,096** | **1,287** | **487** | **606** | **148,502** |
| NPAs | **278** | **828** | **–** | **4** | **9** | **1,119** |
| **At 31 December 2012** | | | | | | |
| Segment assets | 66,779 | 92,223 | 67,871 | 60,617 | 19,030 | 306,520 |
| Unallocated assets | | | | | | 90 |
| Elimination | | | | | | (10,667) |
| **Total assets** | | | | | | 295,943 |
| Segment liabilities | 73,837 | 84,507 | 48,148 | 53,226 | 16,124 | 275,842 |
| Unallocated liabilities | | | | | | 2,067 |
| Elimination | | | | | | (10,667) |
| **Total liabilities** | | | | | | 267,242 |
| **Other information:** | | | | | | |
| Gross non-bank loans | 55,384 | 86,133 | 1,495 | 398 | 620 | 144,030 |
| NPAs | 267 | 887 | – | 3 | 15 | 1,172 |
| **At 31 March 2012** | | | | | | |
| Segment assets | 59,424 | 92,709 | 63,667 | 58,093 | 18,707 | 292,600 |
| Unallocated assets | | | | | | 68 |
| Elimination | | | | | | (9,331) |
| **Total assets** | | | | | | 283,337 |
| Segment liabilities | 68,834 | 85,201 | 36,128 | 51,238 | 22,648 | 264,049 |
| Unallocated liabilities | | | | | | 2,154 |
| Elimination | | | | | | (9,331) |
| **Total liabilities** | | | | | | 256,872 |
| **Other information:** | | | | | | |
| Gross non-bank loans | 50,287 | 82,101 | 1,209 | 271 | 736 | 134,604 |
| NPAs | 282 | 1,215 | – | 3 | 13 | 1,513 |

## PERFORMANCE BY GEOGRAPHICAL SEGMENT

| | 1Q13 | | 1Q12 | | 4Q12 | |
|---|---|---|---|---|---|---|
| | **S$ million** | **%** | **S$ million** | **%** | **S$ million** | **%** |
| **Total core income** | | | | | | |
| Singapore | **995** | **63** | 1,140 | 66 | 1,074 | 64 |
| Malaysia | **329** | **21** | 320 | 18 | 329 | 20 |
| Indonesia | **119** | **7** | 114 | 7 | 122 | 7 |
| Greater China | **85** | **5** | 112 | 6 | 95 | 6 |
| Other Asia Pacific | **43** | **3** | 35 | 2 | 39 | 2 |
| Rest of the World | **17** | **1** | 20 | 1 | 19 | 1 |
| | **1,588** | **100** | 1,741 | 100 | 1,678 | 100 |
| **Profit before income tax** | | | | | | |
| Singapore | **531** | **60** | 652 | 64 | 547 | 63 |
| Malaysia | **226** | **25** | 213 | 21 | 203 | 23 |
| Indonesia | **44** | **5** | 37 | 4 | 43 | 5 |
| Greater China | **46** | **5** | 73 | 7 | 47 | 5 |
| Other Asia Pacific | **35** | **4** | 24 | 3 | 24 | 3 |
| Rest of the World | **12** | **1** | 12 | 1 | 12 | 1 |
| | **894** | **100** | 1,011 | 100 | 876 | 100 |

| | 31 Mar 2013 | | 31 Dec 2012 | | 31 Mar 2012 | |
|---|---|---|---|---|---|---|
| | **S$ million** | **%** | **S$ million** | **%** | **S$ million** | **%** |
| **Total assets** | | | | | | |
| Singapore | **192,547** | **62** | 181,385 | 61 | 175,396 | 62 |
| Malaysia | **58,014** | **19** | 58,030 | 20 | 56,037 | 20 |
| Indonesia | **10,568** | **4** | 10,162 | 3 | 8,908 | 3 |
| Greater China | **27,948** | **9** | 28,083 | 9 | 28,283 | 10 |
| Other Asia Pacific | **10,205** | **3** | 10,426 | 4 | 9,904 | 3 |
| Rest of the World | **9,542** | **3** | 7,857 | 3 | 4,809 | 2 |
| | **308,824** | **100** | 295,943 | 100 | 283,337 | 100 |

The geographical segment analysis is based on the location where assets or transactions are booked. For 1Q13, Singapore accounted for 63% of total income and 60% of pre-tax profit, while Malaysia accounted for 21% of total income and 25% of pre-tax profit.

Pre-tax profit for Singapore declined 19% to S$531 million in 1Q13, from S$652 million a year ago, as growth in fees and commissions was offset by lower net interest income, insurance profit contributions and trading income, and higher operating expenses. Malaysia's pre-tax profit was 6% higher year-on-year at S$226 million, from S$213 million in 1Q12, underpinned by higher net interest income.

## CONSOLIDATED INCOME STATEMENT (UNAUDITED)

| S$ million | 1Q13 | 1Q12 | +/(-) % | 4Q12 | +/(-) % |
|---|---|---|---|---|---|
| Interest income | **1,458** | 1,502 | (3) | 1,466 | (1) |
| Interest expense | **(546)** | (551) | (1) | (545) | – |
| **Net interest income** | **912** | 951 | (4) | 921 | (1) |
| Premium income | **1,530** | 1,384 | 11 | 1,838 | (17) |
| Investment income | **813** | 814 | – | 679 | 20 |
| Net claims, surrenders and annuities | **(1,059)** | (1,345) | (21) | (1,260) | (16) |
| Change in life assurance fund contract liabilities | **(717)** | (274) | 162 | (690) | 4 |
| Commission and others | **(389)** | (358) | 9 | (357) | 9 |
| Profit from life assurance | **178** | 221 | (19) | 210 | (15) |
| Premium income from general insurance | **37** | 32 | 12 | 40 | (8) |
| Fees and commissions (net) | **316** | 274 | 15 | 304 | 4 |
| Dividends | **8** | 29 | (71) | 6 | 51 |
| Rental income | **17** | 18 | (5) | 18 | (2) |
| Other income | **120** | 272 | (56) | 179 | (33) |
| **Non-interest income** | **676** | 846 | (20) | 757 | (11) |
| **Total income** | **1,588** | 1,797 | (12) | 1,678 | (5) |
| Staff costs | **(421)** | (382) | 10 | (434) | (3) |
| Other operating expenses | **(251)** | (243) | 3 | (290) | (13) |
| **Total operating expenses** | **(672)** | (625) | 8 | (724) | (7) |
| **Operating profit before allowances and amortisation** | **916** | 1,172 | (22) | 954 | (4) |
| Amortisation of intangible assets | **(14)** | (15) | (3) | (15) | (3) |
| Allowances for loans and impairment of other assets | **(21)** | (96) | (79) | (68) | (70) |
| **Operating profit after allowances and amortisation** | **881** | 1,061 | (17) | 871 | 1 |
| Share of results of associates and joint ventures | **13** | 6 | 106 | 5 | 207 |
| **Profit before income tax** | **894** | 1,067 | (16) | 876 | 2 |
| Income tax expense | **(142)** | (171) | (17) | (156) | (9) |
| **Profit for the period** | **752** | 896 | (16) | 720 | 4 |
| **Profit attributable to:** | | | | | |
| Equity holders of the Bank | **696** | 832 | (16) | 663 | 5 |
| Non-controlling interests | **56** | 64 | (13) | 57 | (2) |
| | **752** | 896 | (16) | 720 | 4 |
| **Earnings per share (for the period – cents)** | | | | | |
| Basic | **20.2** | 24.2 | | 17.5 | |
| Diluted | **20.2** | 24.2 | | 17.4 | |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

| S$ million | 1Q13 | 1Q12 | +/(-) % | 4Q12 | +/(-) % |
|---|---|---|---|---|---|
| **Profit for the period** | **752** | 896 | (16) | 720 | 4 |
| **Other comprehensive income:** | | | | | |
| Available-for-sale financial assets | | | | | |
| Gains for the period | **57** | 364 | (84) | 323 | (82) |
| Reclassification of (gains)/losses to income statement | | | | | |
| – on disposal | **(47)** | (43) | (9) | (13) | (258) |
| – on impairment | **(0)** | 1 | (109) | 3 | (102) |
| Tax on net movements | **(4)** | (45) | 92 | (33) | 89 |
| Exchange differences on translating foreign operations | **38** | (83) | 146 | (22) | 269 |
| Actuarial gains on defined benefit plans [1] | **–** | – | – | 1 | (100) |
| Other comprehensive income of associates and joint ventures | **9** | 5 | 78 | 3 | 208 |
| **Total other comprehensive income, net of tax** | **53** | 199 | (73) | 262 | (80) |
| **Total comprehensive income for the period, net of tax** | **805** | 1,095 | (26) | 982 | (18) |
| **Total comprehensive income attributable to:** | | | | | |
| Equity holders of the Bank | **745** | 1,022 | (27) | 913 | (18) |
| Non-controlling interests | **60** | 73 | (17) | 69 | (13) |
| | **805** | 1,095 | (26) | 982 | (18) |

Note:
1. Item that will not be reclassified to income statement.

## BALANCE SHEETS (UNAUDITED)

| S$ million | GROUP 31 Mar 2013 @ | GROUP 31 Dec 2012 | GROUP 31 Mar 2012 @ | BANK 31 Mar 2013 @ | BANK 31 Dec 2012 | BANK 31 Mar 2012 @ |
|---|---|---|---|---|---|---|
| **EQUITY** | | | | | | |
| **Attributable to equity holders of the Bank** | | | | | | |
| Share capital | **9,456** | 9,953 | 9,014 | **9,456** | 9,953 | 9,014 |
| Capital reserves | **415** | 376 | 361 | **99** | 96 | 93 |
| Fair value reserves | **906** | 895 | 1,394 | **318** | 321 | 670 |
| Revenue reserves | **15,314** | 14,580 | 12,853 | **9,719** | 9,214 | 8,108 |
| | **26,091** | 25,804 | 23,622 | **19,592** | 19,584 | 17,885 |
| **Non-controlling interests** | **2,908** | 2,897 | 2,843 | – | – | – |
| **Total equity** | **28,999** | 28,701 | 26,465 | **19,592** | 19,584 | 17,885 |
| **LIABILITIES** | | | | | | |
| Deposits of non-bank customers | **168,818** | 165,139 | 157,541 | **117,758** | 115,325 | 110,450 |
| Deposits and balances of banks | **24,967** | 25,656 | 18,912 | **23,293** | 21,539 | 17,565 |
| Due to subsidiaries | – | – | – | **7,322** | 8,258 | 6,153 |
| Due to associates | **163** | 161 | 176 | **149** | 149 | 163 |
| Trading portfolio liabilities | **678** | 1,083 | 1,484 | **678** | 1,083 | 1,484 |
| Derivative payables | **4,717** | 5,001 | 4,970 | **4,352** | 4,620 | 4,771 |
| Other liabilities | **4,584** | 4,324 | 4,625 | **1,572** | 1,543 | 1,397 |
| Current tax | **974** | 897 | 930 | **415** | 367 | 363 |
| Deferred tax | **1,161** | 1,170 | 1,224 | **66** | 65 | 140 |
| Debt issued | **20,313** | 11,424 | 16,717 | **20,488** | 11,919 | 17,442 |
| | **226,375** | 214,855 | 206,579 | **176,093** | 164,868 | 159,928 |
| Life assurance fund liabilities | **53,450** | 52,387 | 50,293 | – | – | – |
| **Total liabilities** | **279,825** | 267,242 | 256,872 | **176,093** | 164,868 | 159,928 |
| **Total equity and liabilities** | **308,824** | 295,943 | 283,337 | **195,685** | 184,452 | 177,813 |
| **ASSETS** | | | | | | |
| Cash and placements with central banks | **16,228** | 16,397 | 12,040 | **10,046** | 9,382 | 5,303 |
| Singapore government treasury bills and securities | **12,979** | 13,141 | 14,155 | **11,918** | 11,962 | 13,482 |
| Other government treasury bills and securities | **10,170** | 9,157 | 5,608 | **6,490** | 6,098 | 2,452 |
| Placements with and loans to banks | **34,288** | 29,811 | 35,572 | **27,844** | 21,018 | 27,261 |
| Loans and bills receivable | **146,839** | 142,376 | 132,968 | **106,795** | 104,157 | 97,450 |
| Debt and equity securities | **17,449** | 14,932 | 14,870 | **11,195** | 9,348 | 9,415 |
| Assets pledged | **1,861** | 2,056 | 1,641 | **1,645** | 1,946 | 1,424 |
| Assets held for sale | **1** | 5 | 6 | – | – | – |
| Derivative receivables | **4,724** | 5,155 | 5,009 | **4,288** | 4,693 | 4,716 |
| Other assets | **4,094** | 3,845 | 4,189 | **1,188** | 1,148 | 1,233 |
| Deferred tax | **51** | 43 | 30 | **31** | 26 | 3 |
| Associates and joint ventures | **377** | 355 | 357 | **192** | 191 | 200 |
| Subsidiaries | – | – | – | **11,136** | 11,577 | 12,004 |
| Property, plant and equipment | **1,725** | 1,703 | 1,674 | **486** | 474 | 442 |
| Investment property | **879** | 878 | 892 | **564** | 565 | 561 |
| Goodwill and intangible assets | **3,816** | 3,818 | 3,900 | **1,867** | 1,867 | 1,867 |
| | **255,481** | 243,672 | 232,911 | **195,685** | 184,452 | 177,813 |
| Life assurance fund investment assets | **53,343** | 52,271 | 50,426 | – | – | – |
| **Total assets** | **308,824** | 295,943 | 283,337 | **195,685** | 184,452 | 177,813 |
| **Net Asset Value Per Ordinary Share @ (before valuation surplus – S$)** | **6.90** | 6.68 | 6.32 | **5.01** | 4.86 | 4.65 |
| **OFF-BALANCE SHEET ITEMS** | | | | | | |
| Contingent liabilities | **9,561** | 9,100 | 9,477 | **7,236** | 6,980 | 7,491 |
| Commitments | **72,188** | 67,040 | 65,568 | **46,452** | 42,667 | 44,420 |
| Derivative financial instruments | **540,026** | 560,734 | 562,353 | **454,065** | 481,216 | 500,671 |

Note:
1. "@" represents unaudited.

## STATEMENT OF CHANGES IN EQUITY – GROUP (UNAUDITED)
For the three months ended 31 March 2013

| S$ million | Share capital | Capital reserves | Fair value reserves | Revenue reserves | Total | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|
| | Attributable to equity holders of the Bank | | | | | | |
| **Balance at 1 January 2013** | **9,953** | **376** | **895** | **14,580** | **25,804** | **2,897** | **28,701** |
| Total comprehensive income for the period | **–** | **–** | **11** | **734** | **745** | **60** | **805** |
| Transactions with owners, recorded directly in equity | | | | | | | |
| Contributions by and distributions to owners | | | | | | | |
| Dividends and liquidation distribution to non-controlling interests | **–** | **–** | **–** | **–** | **–** | **(49)** | **(49)** |
| DSP reserve from dividends on unvested shares | **–** | **–** | **–** | **0** | **0** | **–** | **0** |
| Redemption of preference shares | **(500)** | **–** | **–** | **(0)** | **(500)** | **–** | **(500)** |
| Share-based staff costs capitalised | **–** | **3** | **–** | **–** | **3** | **–** | **3** |
| Share buyback held in treasury | **(26)** | **–** | **–** | **–** | **(26)** | **–** | **(26)** |
| Shares vested under DSP Scheme | **–** | **36** | **–** | **–** | **36** | **–** | **36** |
| Treasury shares transferred/sold | **29** | **–** | **–** | **–** | **29** | **–** | **29** |
| Total contributions by and distributions to owners | **(497)** | **39** | **–** | **0** | **(458)** | **(49)** | **(507)** |
| **Balance at 31 March 2013** | **9,456** | **415** | **906** | **15,314** | **26,091** | **2,908** | **28,999** |
| Included: Share of reserves of associates and joint ventures | **–** | **–** | **11** | **61** | **72** | **(5)** | **67** |
| **Balance at 1 January 2012** | 9,023 | 279 | 1,125 | 12,144 | 22,571 | 2,819 | 25,390 |
| Total comprehensive income for the period | – | – | 269 | 753 | 1,022 | 73 | 1,095 |
| Transactions with owners, recorded directly in equity | | | | | | | |
| Contributions by and distributions to owners | | | | | | | |
| Transfers | – | 44 | – | (44) | – | – | – |
| Dividends to non-controlling interests | – | – | – | – | – | (49) | (49) |
| Share-based staff costs capitalised | – | 3 | – | – | 3 | – | 3 |
| Share buyback held in treasury | (24) | – | – | – | (24) | – | (24) |
| Shares vested under DSP Scheme | – | 35 | – | – | 35 | – | 35 |
| Treasury shares transferred/sold | 15 | – | – | – | 15 | – | 15 |
| Total contributions by and distributions to owners | (9) | 82 | – | (44) | 29 | (49) | (20) |
| **Balance at 31 March 2012** | 9,014 | 361 | 1,394 | 12,853 | 23,622 | 2,843 | 26,465 |
| Included: Share of reserves of associates and joint ventures | – | – | 6 | 37 | 43 | (4) | 39 |

## STATEMENT OF CHANGES IN EQUITY – BANK (UNAUDITED)
For the three months ended 31 March 2013

| S$ million | Share capital | Capital reserves | Fair value reserves | Revenue reserves | Total equity |
|---|---|---|---|---|---|
| **Balance at 1 January 2013** | **9,953** | **96** | **321** | **9,214** | **19,584** |
| Total comprehensive income for the period | **–** | **–** | **(3)** | **505** | **502** |
| DSP reserve from dividends on unvested shares | **–** | **–** | **–** | **0** | **0** |
| Redemption of preference shares | **(500)** | **–** | **–** | **(0)** | **(500)** |
| Share-based staff costs capitalised | **–** | **3** | **–** | **–** | **3** |
| Share buyback held in treasury | **(26)** | **–** | **–** | **–** | **(26)** |
| Treasury shares transferred/sold | **29** | **–** | **–** | **–** | **29** |
| **Balance at 31 March 2013** | **9,456** | **99** | **318** | **9,719** | **19,592** |
| **Balance at 1 January 2012** | 9,023 | 90 | 510 | 7,722 | 17,345 |
| Total comprehensive income for the period | – | – | 160 | 386 | 546 |
| Share-based staff costs capitalised | – | 3 | – | – | 3 |
| Share buyback held in treasury | (24) | – | – | – | (24) |
| Treasury shares transferred/sold | 15 | – | – | – | 15 |
| **Balance at 31 March 2012** | 9,014 | 93 | 670 | 8,108 | 17,885 |

## CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)
For the three months ended 31 March 2013

| S$ million | 1Q13 | 1Q12 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Profit before income tax | **894** | 1,067 |
| Adjustments for non-cash items | | |
| Amortisation of intangible assets | **14** | 15 |
| Allowances for loans and impairment of other assets | **21** | 96 |
| Change in fair value for hedging transactions and trading securities | **51** | (28) |
| Depreciation of property, plant and equipment and investment property | **50** | 43 |
| Net gain on disposal of property, plant and equipment and investment property | **(3)** | (58) |
| Net gain on disposal of government, debt and equity securities | **(47)** | (43) |
| Share-based staff costs | **3** | 2 |
| Share of results of associates and joint ventures | **(13)** | (6) |
| Items relating to life assurance fund | | |
| Surplus before income tax | **236** | 333 |
| Surplus transferred from life assurance fund | **(178)** | (221) |
| Operating profit before change in operating assets and liabilities | **1,028** | 1,200 |
| Change in operating assets and liabilities | | |
| Deposits of non-bank customers | **3,681** | 2,984 |
| Deposits and balances of banks | **(689)** | (2,741) |
| Derivative payables and other liabilities | **60** | (539) |
| Trading portfolio liabilities | **(405)** | (171) |
| Government securities and treasury bills | **(1,137)** | 803 |
| Trading securities | **(1,188)** | 409 |
| Placements with and loans to banks | **(4,236)** | (6,877) |
| Loans and bills receivable | **(4,482)** | 508 |
| Derivative receivables and other assets | **60** | 281 |
| Net change in investment assets and liabilities of life assurance fund | **(57)** | (231) |
| Cash used in operating activities | **(7,365)** | (4,374) |
| Income tax paid | **(81)** | (88) |
| **Net cash used in operating activities** | **(7,446)** | (4,462) |
| **Cash flows from investing activities** | | |
| Dividends from associates | **1** | – |
| Decrease/(increase) in associates and joint ventures | **(5)** | 17 |
| Purchases of debt and equity securities | **(2,820)** | (1,438) |
| Purchases of property, plant and equipment and investment property | **(78)** | (63) |
| Proceeds from disposal of debt and equity securities | **1,842** | 1,479 |
| Proceeds from disposal of property, plant and equipment and investment property | **8** | 5 |
| **Net cash used in investing activities** | **(1,052)** | (0) |
| **Cash flows from financing activities** | | |
| Dividends paid to equity holders of the Bank | **(2)** | – |
| Distributions and dividends paid to non-controlling interests | **(49)** | (49) |
| Redemption of subordinated debt issued | **(478)** | – |
| Increase in other debt issued | **9,331** | 3,710 |
| Redemption of preference shares | **(500)** | – |
| Proceeds from treasury shares transferred/sold under the Bank's employee share schemes | **29** | 15 |
| Share buyback held in treasury | **(26)** | (24) |
| **Net cash from financing activities** | **8,305** | 3,652 |
| **Net currency translation adjustments** | **24** | (47) |
| **Net change in cash and cash equivalents** | **(169)** | (857) |
| **Cash and cash equivalents at beginning of period** | **16,397** | 12,897 |
| **Cash and cash equivalents at end of period** | **16,228** | 12,040 |

## SHARE CAPITAL AND OPTIONS ON SHARES IN THE BANK

The following table shows movements in the issued ordinary shares of the Bank:

| | Three months ended 31 Mar | |
|---|---|---|
| **Number of Shares** | **2013** | **2012** |
| **Issued ordinary shares** | | |
| Balance at beginning/end of period | **3,441,099,691** | 3,441,043,176 |
| **Treasury shares** | | |
| Balance at beginning of period | **(10,158,830)** | (3,965,793) |
| Share buyback | **(2,570,000)** | (2,770,000) |
| Shares sold/transferred to employees pursuant to OCBC Share Option Scheme | **4,754,453** | 2,558,700 |
| Shares sold/transferred to employees pursuant to OCBC Employee Share Purchase Plan | **364,401** | 43,073 |
| Shares sold for cash | **3,000** | – |
| Balance at end of period | **(7,606,976)** | (4,134,020) |
| **Total** | **3,433,492,715** | 3,436,909,156 |

Pursuant to the share purchase mandate approved at the extraordinary general meeting held on 25 April 2012, the Bank purchased a total of 2,570,000 ordinary shares in the first quarter ended 31 March 2013. The ordinary shares were purchased by way of open market acquisitions at prices ranging from S$9.96 to S$10.57 per share and the total consideration paid was S$26,408,292 (including transaction costs).

From 1 January 2013 to 31 March 2013 (both dates inclusive), the Bank utilised 4,754,453 treasury shares upon the exercise of options by employees of the Group pursuant to the OCBC Share Option Scheme 2001 (“SOS 2001”). As of 31 March 2013, the number of options outstanding under the OCBC SOS 2001 was 25,843,906 (31 March 2012: 30,239,549).

From 1 January 2013 to 31 March 2013 (both dates inclusive), the Bank utilised 364,401 treasury shares upon the exercise of acquisition rights by employees of the Group pursuant to OCBC Employee Share Purchase Plan (“ESPP”). As of 31 March 2013, the number of acquisition rights outstanding under the OCBC ESPP was 11,696,528 (31 March 2012: 10,209,762).

The S$500,000,000 4.5% Class E Preference Shares was fully redeemed on 28 January 2013, as announced to the SGX-ST. No new preference shares were allotted and issued by the Bank in the first quarter ended 31 March 2013.

## OTHER MATTERS

1. Pursuant to Rule 920(1) of the Listing Manual, the Bank has not obtained a general mandate from shareholders for Interested Party Transactions.

OCBC Bank

## CONFIRMATION BY THE BOARD

We, Cheong Choong Kong and Bobby Chin Yoke Choong, being directors of Oversea-Chinese Banking Corporation Limited ("the Bank"), do hereby confirm on behalf of the Board of Directors of the Bank, that to the best of our knowledge, nothing has come to our attention which may render the unaudited financial results of the Bank and of the Group for the quarter ended 31 March 2013 to be false or misleading.

On behalf of the Board of Directors

| | |
|---|---|
| Cheong Choong Kong | Bobby Chin Yoke Choong |
| Chairman | Director |

29 April 2013